



UNITED STATES MARINE CORPS

MARINE CORPS LOGISTICS BASE

814 RADFORD BOULEVARD

ALBANY, GEORGIA 31704-1128

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12 Feb 03

BASE ORDER 7300.9

From: Commanding Officer  
To: Distribution List

Subj: ACTIVITY BASED COSTING AND MANAGEMENT (ABC/M)

Ref: (a) CMC White Letter No. 10-01 dtd 28 Sep 01  
(b) CMC Business Plan dtd 04 Oct 02 (Draft)

1. Situation. ABC/M within MCLB Albany has its roots in guidance issued by the references. The initial ABC/M effort began at MCLB Albany during FY99. Since then the ABC model has gone through several updates and standardization. The short and long-term benefits of ABC/M include visibility of true business costs, baseline data for process improvement, cost reductions (Corps Modernization), and comparative analysis. Additionally, the ABC model directly supports the Command's strategic planning effort by tying the Command's Strategic Plan to actual business processes.

2. Mission. To promulgate Marine Corps Logistics Base (MCLB) Albany's Activity Based Costing/Management (ABC/M) Policy.

3. Objectives. The objectives of the MCLB Albany ABC/M effort are to:

a. Equip MCLB Albany's Commanding Officer, directors and managers with a modeling tool that provides cost visibility, performance data of actual work performed (activities) or services provided, and for whom the work is performed (our customers).

b. Provide reliable cost and performance data upon request from higher headquarters.

c. Educate MCLB Albany's directors and managers in interpreting the data provided by the ABC model, and helping them realize opportunities for process improvements, savings goals and improved customer satisfaction.

d. Meet the Commanding Officer's Business Plan objective outcomes.

e. Institute procedures that will motivate the entire organization to examine its specific ABC information and use this information to achieve process and cost efficiencies.

f. Continuously improve and simplify the process of model development through automation and information technology.

4. Summary of Responsibilities

a. Functional Managers should take ownership of their model and embed it in their business processes. Specific areas of influence or assistance are:

- (1) Manpower Decisions
- (2) Strategic Planning Development
- (3) Budget Formulation and Justification
- (4) Process and Comparative Analysis
- (5) Strategic Sourcing

b. The ABC/M Core Team will develop a comprehensive ABC/M curriculum that ensures each staff section and department has personnel trained in basic ABC/M.

c. Activity Based Information System (ABIS) encompasses ABC/M, the future use of Activity Based Budgeting (ABB) for POM06, and the Installation Business Model found in reference (b). This order is consistent with HQMC's Installation Reform Initiatives and supports the concept of the ABIS.

5. Execution. ABC Model Updates and Maintenance.

a. Business Performance Office

(1) Acts as the focal point for all Command model updates.

(2) Provides assistance and training to the departments on ABC model updates and data gathering procedures.

(3) Reports on Command's progress in implementing ABC/M through the Commanding Officer's scorecard.

(4) Schedules appropriate Business/ABC training to support department ABC requirements.

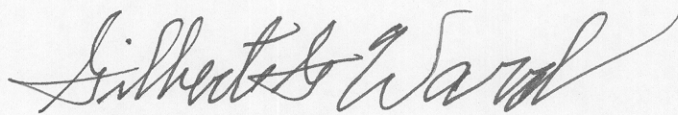
b. Staff Sections and Departments

(1) Provide the necessary data as required to specific model updates.

(2) Utilize ABC model information to support process analysis, comparative analysis and decision-making.

(3) Maintain and provide updated resource, activity and cost object information upon request.

c. Installation Resource Manager. Establish and implement procedures to use ABC data to support budgetary and manpower requirements throughout the installation. These draft procedures will be in place NLT 30 September 03. At mid-year review these procedures will be validated and adjusted as needed for target implementation by 30 September 04.



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Acting

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